

MINUTES – BOARD OF ASSESSORS MEETING, 4/11/05

In attendance: **Board of Assessors:** Denis O'Regan, Chair; Walt Borders, Jane Frantz, Tom Frantz, Larry Walker, Laura Wallace.

Public: Nanette Robinson, Charlie Robinson.

Absent: **Board of Assessors:** Brooke Bovard.

Denis O'Regan called the meeting to order at 7:30 p.m.

Minutes: The minutes from the Board meeting on March 14 were approved and unanimously accepted.

The next agenda items were the Board's budget request and report to the Town Assembly on March 28th. Denis reported that, other than the few comments made at the Town Assembly, he hasn't gotten any feedback about the Board's budget request for next year. The budget request was also the subject of Denis's letter to the Arden Page for April. Arden resident Steve Tanis complimented Denis on the article and said he agreed with it. None of the other Assessors reported any comments on the town meeting report or the article in the Page. Larry Walker said the budget request still has to go through the town's budget process, so we don't know what will happen. He feels "sticker shock" could be a problem. He suggested splitting the budget request into two line items: \$100 for postage and \$2500 for professional advice; that way next year's Board would at least get funds for mailing the public meeting notices. Denis, Tom Frantz and Jane Frantz disagreed with the idea of separating the budget into two line items because doing so practically invites a veto of the \$2500 line item. Walt Borders felt that if you ask people to consider \$2500 on a per-day or per-leasehold basis, it isn't that much to ask for establishing a sound basis for our land rent assessments. Tom expressed his concern that if the Brandywine School District capital request is approved in the May referendum, school taxes could go up by about 10% next year; that could adversely affect our budget request. Denis said that if school taxes do go up, our budget request as a percentage of overall land rent goes down. He agreed with Walt that \$2500 is a reasonable price to pay for building a stable process. In the end, the Assessors agreed to leave the budget request as one \$2600 line item.

Next on the agenda was a report from Denis on how to require future Boards to maintain the Green Book. He has not yet spoken to Steven Threefoot, but

did talk to Cecilia Vore, Chair of the Registration Committee, about it. At first, Cecilia thought this could be done by ordinance, but after some discussion, she agreed that, from a legislative perspective, amending the Act to Reincorporate is more appropriate. Amending the Act would involve a vote at the Town Meeting, and, if the amendment is approved, we would ask State Rep. Wayne Smith to read the change into the legislative record of Delaware's General Assembly. Denis suggested we ask to have the amendment read at 3 town meetings, just like an ordinance, but still make it an amendment to the Act. He feels that too often we are left to rely on "oral history" for our operating procedures. In his view, the Green Book is a serious attempt to "codify" what Assessors should know and how the Board should operate. Walt's opinion was that the Green Book is analogous to a collection of state papers as they relate to the Assessors. It will serve as a guide, allowing future Assessors to actually look up information rather than relying on people's faulty memories. Denis views the Green Book as a permanent record of the supporting documentation that is available. Nanette Robinson said she and Charlie had difficulty trying to find out from last year's Assessors what was going on and what records they were keeping of their work. Given that the Act to Reincorporate gives residents the right to see all documents relating to the Board's work, she wondered why the Board isn't required to keep such records and in an accessible form. Denis said that is exactly what we are trying to do with the Green Book, and he feels this is as important as the Board of Assessors oath. Between now and May, Denis suggested that the Board produce a semi-complete, if not final, form for the Green Book and to write instructions on what type of information gets included.

Next, Denis passed out copies of a letter from Trustee Aaron Hamburger regarding Arden Reserve Funds as of 3/25/05. Denis said this "prudent reserve" is typically added in with the outside taxes, Trustee administrative expenses and Town budget to become part of our land rent determination. Aaron's letter indicates reserve funds of \$167K. Larry thought that amount was too low and would prefer to have a higher reserve to give the Town more flexibility to do long-term development. Tom said it is up to the Board to decide whether to use Aaron's number, raise it, or lower it. Denis stated that large capital outlays like the Avery property and Craft Shop project were both accomplished without upping the prudent reserve. Larry said the idea has been floated about the Town building some townhouses on Arden land for elderly residents who cannot take care of their properties any longer. He felt this was an appropriate use for the prudent reserve. Jane disagreed,

stating that a prudent reserve is intended to shield the Town from a catastrophic outlay of funds in unforeseeable circumstances. Charlie Robinson agreed that the prudent reserve is supposed to be different from a community development fund, and the two should not be merged. Larry said that upping the prudent reserve is sort of a backdoor way of setting up a community development fund. Tom wanted to know how that fits in with the Board's requirement to assess full rental value. He also said the Board could opt not to have a prudent reserve at all, if it felt that way. In Tom's opinion, the current 33% of the total budget seems high. Walt thought there might be a state law mandating a 20% cap on raising more money than a municipality needs to operate. Tom suggested that before we consider raising the prudent reserve, as Larry suggests, we should try cutting back on spending. He wondered if the various committees need the full budgets they request. Larry said we can't cut back on spending because it could mean some of the town's necessities are not met. Charlie Robinson pointed out that last year's Board of Assessors first raised then lowered the prudent reserve to make their land rent numbers work. Denis asked how Ardentown and Ardencroft handle their reserves. Larry offered to get the prudent reserve numbers from the other two Ardens before our next meeting.

The next topic was a discussion of the different rates used to determine land rent. Denis wanted to know how we should get to the numbers. Tom said the numbers usually come last, following a discussion of the Board's land rent philosophy. He suggested using a power point projector to show how different numbers affect the spreadsheets. Denis polled the Assessors on where they stand on land rent philosophy. Laura Wallace said that, in her opinion, the system isn't broken so we should leave it as is. Walt said his position remains unchanged; stick with the current system until we have justification to change it. Larry agreed. Tom said he has some problems with the current system, but feels we shouldn't change it until we get more data. Jane agreed that we shouldn't make changes in the absence of data, and right now we don't have that data. Laura thought we should include a statement in our final report that the Board acknowledges we are not assessing the full rental value. Walt and Denis strongly disagreed. Walt said the Board decides what the full rental value is, so, by definition, what we assess is the full rental value. Denis said that the Board's operating definition of full rental value, in use since 1980, may not be the Georgist definition, but it IS the full rental value. He would oppose making any statement that this Board is not assessing the full rental value. Jane said that if the Georgist Gild wants to define full rental value as they see it, they are

certainly welcome to. They can even take their definition and present it as an alternative land rent assessment; there is nothing stopping them. But, it is not the job of the Board of Assessors to do it for them. Laura said that she believes Mike Curtis may be planning to present an alternative assessment in September. The Assessors all agreed that it is his right to do so.

Tom wanted to revisit factors in light of the discussion at the March Town Meeting. He said that discussion showed that living in or near the woods is not always a benefit. It is hard to justify charging people an additional 10% woods factor when they are scared to death that trees on community property may fall on their homes. With regard to the woods factor, Walt pointed out that the proximity of the Indian Circle to his property poses a hazard. He lives with the almost constant danger of fires, especially in the summer months when kids are off from school. Denis said that, in his case, the vote at the Town Meeting not to spray for mosquitoes this summer reduces the benefit of living adjacent to the woods. Laura felt that Harvey Road is the only factor with a documented dollar value attached to it. Jane read from the minutes of an earlier Board meeting at which the Board decided there were other things we want to accomplish and a lengthy discussion of factors is not the best use of our time. She asked if that is still our opinion. The Board agreed that it is.

Larry brought up the issue of domiciles and said he feels they are a real benefit for some property owners that are not available to everyone. He also feels that the domicile benefit is under valued. Tom expressed concern about the Trustees' plan to legalize all the "non-conforming uses" in town. Walt was also concerned about that plan and felt it isn't fair to allow some people to have a right not granted to everyone else. Denis felt that the Trustees' action will not only enrich certain property owners but it will allow them to benefit from past illegal actions. Jane wondered why the Trustees are intervening on behalf of these residents. After all, the land isn't causing the problem, the illegal improvements are. If there is difficulty transferring property, it should be settled between the buyer and seller. What about all the encroachments on the Arden rights-of-way? Are they going to be legalized as well? Larry said there are only about 30 properties with non-conforming uses, and it would cost these residents a lot of money to work it out with the County. Denis suggested those property owners could pool their resources and their cases and reduce their costs, but they should handle it themselves. He asked why it is the business of the Trustees to save time and money for selected property owners. The number of cases

involved is irrelevant; this is still not a Trustees' matter. Charlie Robinson pointed out that two years ago people with extra domiciles got a big break on their land rent. He wondered if we could return to the formula before that change was made. Jane expressed concern with the notion of charging either for the domiciles, themselves, or for the privilege of having them since both practices were disallowed in the Ardencroft v. Trojan decision in 1980. At this point, the Board is still in the dark about how the Trojan case affects the use of the B rate in Arden.

The last agenda item was the Assessors website. Denis asked Walt if he had heard from Danny Schweers regarding the level of activity on the Assessors website. Walt said he hadn't heard back from Danny yet, but he is thinking about suggesting use of a blog to gauge response. People would be able to respond to the Assessors anonymously that way. Walt will keep checking on this issue, and let us know.

For our next meeting: Larry will get figures from Ardencroft and Ardentown on their prudent reserves.

Tom and Denis will make sure we have an LCD projector and spreadsheets so that we can start "crunching some numbers" for our recommended land rent rate.

Our next meeting is on SATURDAY, MAY 7TH, AT 3:00 P.M. This is the second of our three public hearings. PLEASE NOTE THE CHANGE FROM OUR USUAL DAY AND TIME!!

The meeting was adjourned at 9:20 p.m.

Respectfully submitted,

Jane Frantz
Secretary, Board of Assessors